

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

IN RE:	§	CASE NO. 23-50779-cag
ARTESIA SPRINGS, LLC,	§	
Debtor	§	CHAPTER 11 PROCEEDING
	§	SUBCHAPTER V

ARTESIA SPRINGS, LLC'S STATUS REPORT

TO THE HONORABLE CRAIG A, GARGOTTA, UNITED STATES BANKRUPTCY JUDGE:

Artesia Springs, LLC ("Artesia" or the "Debtor") files this Status Report required by 11 U.S.C. §1188(c) and the Court's Order Establishing Date for Status Hearing [Docket #17] and respectfully states as follows:

1. On June 20th, 2023 (the "Petition Date"), Artesia filed a voluntary petition for relief under Subchapter V of Chapter 11 of the Bankruptcy Code, which commenced the Chapter 11 Case titled *In Re: Artesia Springs, LLC* and currently pending before this Court and assigned case number 23-50779-cag (the "Chapter 11 Case"). Artesia continues to manage and operate its business as a debtor-in-possession pursuant to Bankruptcy Code §§ 1107 and 1108. On June 22nd, 2023, Michael Colvard was appointed the Subchapter V Trustee.

2. Pursuant to the Court's Order and Section 1188 of the Bankruptcy Code and in order to describe the Debtor's efforts to attain a consensual plan of reorganization, the Debtor files this status report and, simultaneously herewith, will serve it upon the Subchapter V trustee and all parties in interest.

3. The Debtor is a small business as defined by section 101(51D) and chose to proceed under Subchapter V of Chapter 11 at the time of the filing.

4. The Debtor is a business which offers home and office water delivery throughout the greater San Antonio area as well as bulk water deliveries throughout Texas.

Background

5. Artesia began operations in November of 2004 after acquiring a natural artesian water source. Artesia offers home and office delivery throughout the greater San Antonio area as well as bulk water deliveries throughout Texas. Its customers include residences, businesses, oil field supply houses, car dealerships, insurance companies and water stores.

6. In 2020, as the COVID-19 pandemic hit, sales dropped by almost \$750,000. At the same time, Artesia experienced a dramatic increase in raw material costs due to supply chain issues, inflation and fuel cost increases, which it continues to experience to this day.

7. In order to be able to keep operating prior to the bankruptcy filing, Artesia entered into agreements with assorted merchant day lenders, payment of which which ultimately became unsustainable and led to Artesia's bank accounts being frozen and necessitated the initiation of this bankruptcy filing.

8. The 341 meeting occurred on July 28th, 2023.

9. There are certain entities that have filed UCCs and purported secured claims against the Debtor. However, the value of the debtor's collateral is less than the total amount of debts, payment of which are secured by security interests that have priority over the alleged secured claims. Therefore, the Debtor believes that these creditors will ultimately be considered unsecured creditors.

10. The Debtor anticipates filing a plan that will allow for the sale of its assets or, alternatively, the sale of equity in the Debtor. The Debtor will propose to pay creditors with

allowed claim pursuant to the provisions of the Bankruptcy Code and should be consensual. Debtor is confident that its creditors will support its efforts and its plan.

11. Debtor will work with the Subchapter V Trustee on an approach to facilitate the development of its consensual plan of reorganization.

12. Debtor's counsel and/or representative will contact creditors (to the extent they are "impaired" under the Bankruptcy Code) to attempt obtain acceptance of the proposed plan. Where necessary, Debtor will request assistance from the Sub V Trustee on resolving issues with individual creditors that may have claims against the Debtor.

Respectfully submitted on July 31, 2023.

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By: /s/ William B. Kingman
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PROPOSED COUNSEL FOR DEBTOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was served via the Court's ECF System and/or via U.S. First Class Mail, postage paid, on July 31st, 2023, to the parties on the attached service list.

/s/ William B. Kingman
William B. Kingman